STATE OF UTAH

OFFICE OF THE ATTORNEY GENERAL

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RAY HINTZE Chief Deputy-Civil KIRK TORGENSEN
Chief Deputy-Criminal

November 3, 2006

Division of Oil, Gas and Mining Attn: Susan White, Mining Program Coordinator PO Box 145801 Salt Lake City, UT 84114-5801

Re: Canore Fine Grinding - Mining Operation T16S R1W S21

Dear Ms. White:

I am a criminal investigator with the Utah Attorney General's Office. I am assigned to conduct investigations for the Utah School and Institutional Trust Lands Administration.

In September I was asked to investigate a possible trespass on Trust Lands involving the mining operations of Canore Fine Grinding. Canore Fine Grinding has a mining operation on BLM land on T16S R1W S21. A minor part of their operation has expanded onto School Trust Lands.

I've attached a copy of a letter that I sent to Canore Fine Grinding regarding their trespass activities. I am providing this information for your files. If you have any questions please give me a call.

Sincerely,

Lt. Ronald C. Barton Special Agent

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DIV. OF OIL, GAS & MINING

STATE OF UTAH

OFFICE OF THE ATTORNEY GENERAL



MARK L. SHURTLEFF ATTORNEY GENERAL

RAY HINTZE Chief Deputy-Civil KIRK TORGENSEN Chief Deputy-Criminal

November 3, 2006

Canore Fine Grinding Attn: David J. Hodgson 4516 South 700 East Salt Lake City, UT 84107

Re: Mining Operation on T16S R1W S21 – Near Yuba Reservoir

Dear Hodgson:

I am a criminal investigator with the Utah Attorney General's Office. I am assigned to conduct investigations for the Utah School and Institutional Trust Lands Administration.

In September I was asked to investigate mining activities occurring on T16S R1W S21 near Yuba Reservoir. Portions of Section 21 belong to the Bureau of Land Management and portions belong to the Utah School and Institutional Trust Lands Administration. A citizen had expressed some concern that your mining operations were occurring on School Trust Lands without authorization.

On Monday, November 30th, I inspected the site of your mining operations. It appears to me that your mining operation is occurring on BLM land although some of your overburden material and some of your grading operations appear to be on School Trust Lands. A travel trailer and a backhoe, which appear to be associated with your mining operation, are definitely located on School Trust Lands along with some garbage that has been dumped east of the trailer. I have enclosed several photographs that I took of the area which I have annotated to show the approximate location of the boundary line between BLM and School Trust Lands. You are probably aware of the Department of the Interior Survey marker located near the southeast corner of your mining operation. This survey marker assisted me in verifying the BLM and School Trust Land property boundaries.

We would appreciate your cooperation in removing the travel trailer, backhoe, and garbage from School Trust Lands as soon as possible. We would also instruct you to avoid further intrusions onto School Trust Lands. If the travel trailer and backhoe are not part of your operation – please let me know.

If you have any questions please feel free to give me a call. Thank you for your cooperation.

Sincerely,

Lt Ronald C. Barton Special Agent

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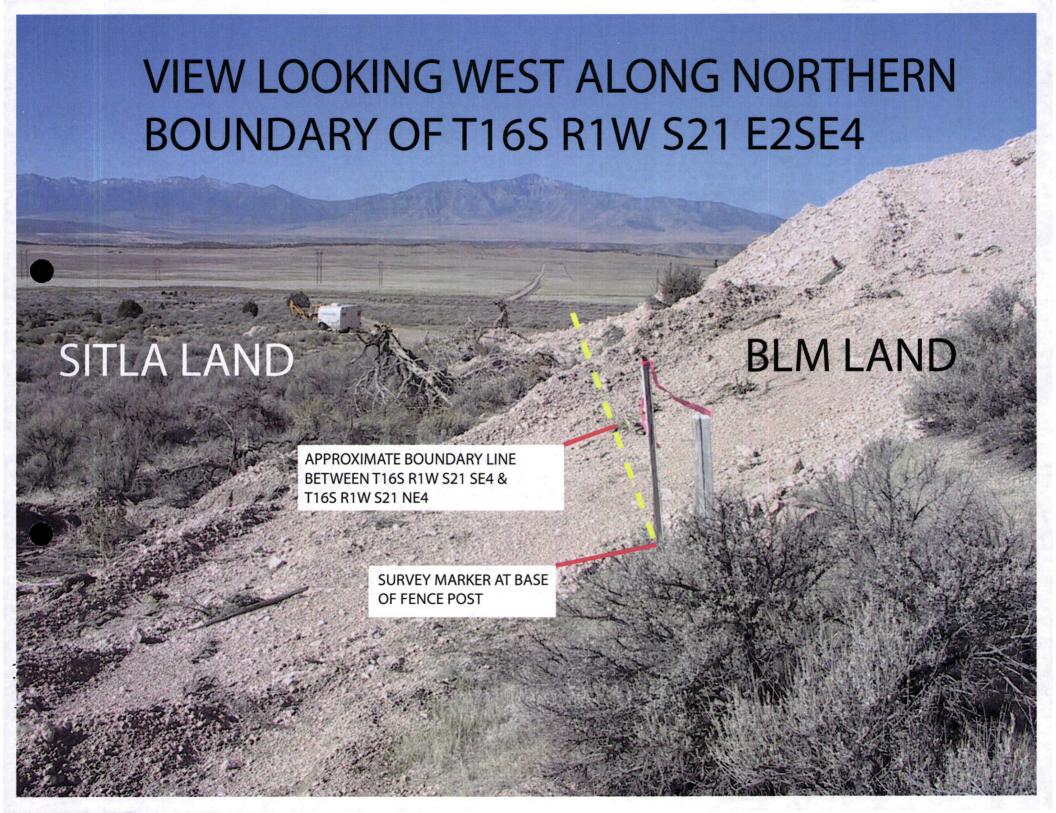
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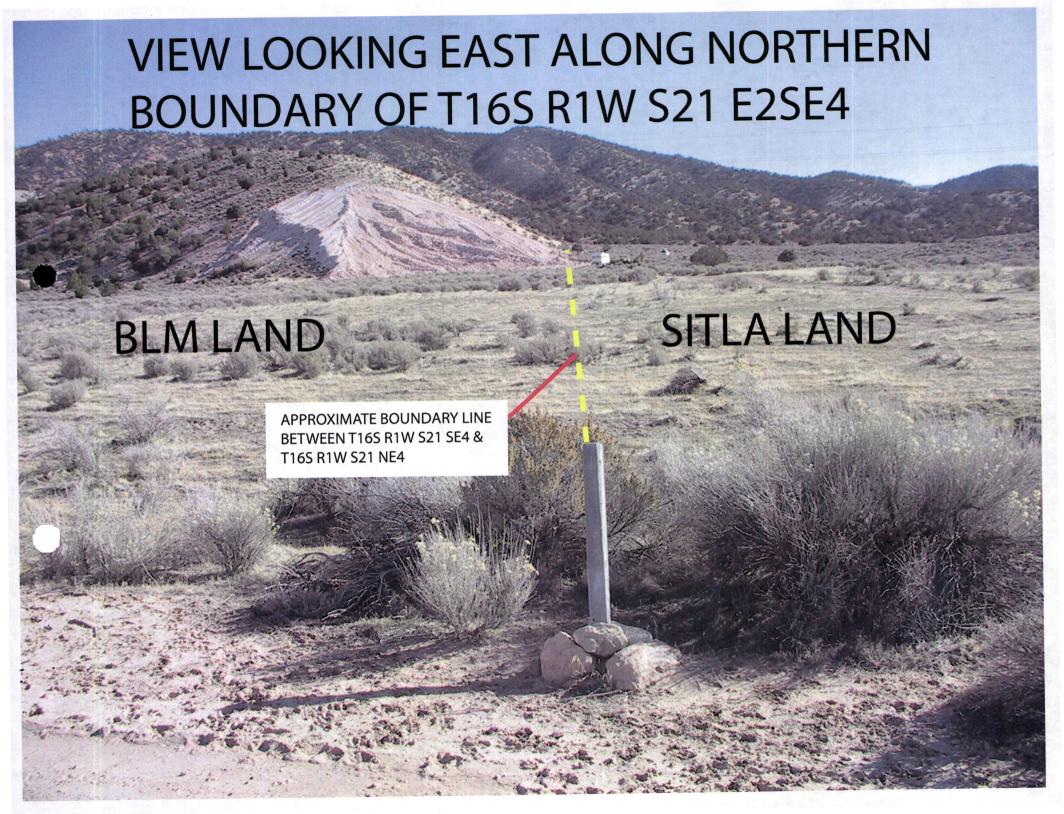
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DIV. OF OIL, GAS & MINING

CC: DOGM









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